

Message Text

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ACTION EB-08

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FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC 3879

INFO AMCONSUL SAO PAULO

AMCONSUL RIO DE JANEIRO

LIMITED OFFICIAL USE BRASILIA 7850

E.O. 11652: N/A

TAGS: EMINC, ENRG, BR

SUBJ: RISK CONTRACTS - SECOND ROUND

FOLLOWING MESSAGE PREPARED BY AMCONSUL RIO DE JANEIRO:

1. ON SEPTEMBER 17, PETROBRAS RELEASED THE NAMES OF THE 15 OVERSEAS COMPANIES WHICH - SINGLY OR IN CONSORTIA - HAVE SUBMITTED PROPOSALS IN BRAZIL'S SECOND ROUND OF RISK (SERVICE) CONTRACT BIDDING, IN SPITE OF REPEATED QUESTIONING BY THE PRESS, HOWEVER, PETROBRAS INDICATED THAT IT WILL NOT REVEAL AT THIS TIME THE TOTAL NUMBER OF INDIVIDUAL PROPOSALS, THE NUMBER OF OVERLAPPING OR MULTIPLE BIDS, AND THE AREAS INVOLVED. PETROBRAS ALLEGED THAT RELEASE OF THIS INFORMATION COULD COMPROMISE THE COMPANY'S NEGOTIATING POSITION VIA-A-VIS FOREIGN BIDDERS. PETROBRAS WILL NOW EVALUATE THESE PROPOSALS, THEN BEGIN NEGOTIATIONS WITH THE COMPANIES INVOLVED, POSSIBLY STARTING AS EARLY AS LATE SEPTEMBER. COMPANIES SUBMITTING BIDS (INDIVIDUALLY OR AS PART OF GROUPS) ARE: AGIP S.P.A., ALLIED CHEMICAL CORPORATION (UNION TEXAS PETROLEUM DIV.), ATLANTIC RICHFIELD COMPANY (ARCO), THE BRITISH PETROLEUM COMPANY LIMITED, LIMITED OFFICIAL USE

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CITCO INTERNATIONAL PETROLEUM COMPANY, COMPAGNIE FRANCAISE DES PETROLES (TOTAL, DEMINEX - DEUTSCHE ERDOELVERSORGUNGSGESELLSCHAFT M.B.H., EXXON CORPORATION (CIA. ESSO PROSPECCAO DO BRASIL), HISPANICA DE PETROLEOS S.A.M. KHIISPANOIL), MARATHON INT. OIL COMPANY, PENNZOIL INTERNATIONAL CO., SHELL EXPLORATION SERVICES (BRAZIL), PECTEN

BRAZIL COMPANY (SUBSIDIARY OF SHELL OIL COMPANY),
STANDARD OIL COMPANY OF CALIFORNIA (CHEVRON) AND
TEXACO INCM

2. COMMENT: WITH KEY INFORMATION ON THE BIDDING STILL
UNAVAILABLE, IT IS NOT YET CLEAR HOW SUCCESSFUL THE
SECOND ROUND OF RISK CONTRACTS IS LIKELY TO BE.
PETROBRAS RATIONALE FOR NON-RELEASE OF RELEVANT
DATA - PARTICULARLY THE TOTAL NUMBER OF BIDS AND
NUMBER OF INDIVIDUAL AREAS BID FOR - IS NOT
CONVINCING. MORE LIKELY, BY REVEALING ONLY THE
NUMBER OF COMPANIES INVOLVED (15), AS OPPOSED
TO A PERHAPS SMALLER NUMBER OF AREAS FOR WHICH
BIDS WERE ACTUALLY SUBMITTED, PETROBRAS HAS
SOUGHT TO PUBLICIZE THIS PHASE OF THE SECOND RISK
CONTRACT ROUND IN THE MOST OPTIMISTIC POSSIBLE
LIGHT. INDUSTRY OBSERVERS ARE CONVINCED THAT
THERE ARE SEVERAL OVERLAPPING BIDS AND THAT THE
NUMBER OF CONSORTIA INVOLVED WILL BE LARGE; IN
FACT, SOME BELIEVE THAT AFTER OVERLAPPING BIDS ARE
SORTED OUT, NEGOTIATIONS COULD INVOLVE AS FEW AS
10 INDIVIDUAL AREAS, PROBABLY CENTERED IN THE
SANTOS AND FOZ DE AMAZONAS BASINS.
FYI: A PETROBRAS CONTACT HAS ALSO CONFIRMED PRESS
REPORTS THAT A THIRD ROUND OF RISK CONTRACTS WILL
BE INITIATED AFTER COMPLETION OF THE SECOND ROUND,
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POSSIBLY BY EARLY 1978. END COMMENT.
CRIMMINS

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
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Control Number: n/a
Copy: SINGLE
Sent Date: 23-Sep-1977 12:00:00 am
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Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Format: TEL
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TAGS: EMIN, ENRG, EINV, BR
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Type: TE
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